

BULLETIN

Washington, D.C. 20415

April 10, 1975

BULLETIN NO. 250-6

SUBJECT: Cost Reduction in Personnel Management

*Heads of Departments and Independent Establishments:*

ACTION DATE:

Report due

May 15, 1975

A memorandum to heads of department and agencies, dated February 7, 1975, from the Civil Service Commission's Chairman, discussed the President's concern for rising personnel costs, and the initiatives that the Commission would be taking to promote cost reduction in personnel management. In FY 75 Allowance Letters the Office of Management and Budget called on each department and agency head to work toward slowing the upward trend of personnel costs and to report to the Chairman by May 15, 1975 on the results of their efforts. The President has asked the Chairman to report to him periodically on Government-wide progress.

The need to control personnel costs has been evident for some time. It is especially urgent now in view of the size of the Federal budget and the fact that personnel costs have more than doubled in the past ten years to over 40 billion dollars. In the past, efforts to reduce costs have taken the form of imposed Government-wide controls. Managers may find some form of selective controls desirable and necessary to monitor costs and encourage cost consciousness.

Our experience shows, however, that across the board controls have a number of serious disadvantages. They make it difficult to channel personnel resources into those operating programs where they are most urgently needed, and in some cases they complicate the initiation of improved management practices. Therefore, the President urges that increased attention be given to good management practices to keep costs in line and avoid disadvantages of across the board Government-wide controls.

INQUIRIES: Evaluation Systems Division, Bureau of Personnel Management  
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It is therefore essential that agencies take the initiative in response to the President's concern for cost reduction. Top management executives must have a sense of urgency in translating good management and improved performance into cost reduction. Obviously, this is not solely a "personnel office operation". The creative participation of managers, supervisors, and employees is needed in a sustained effort to build cost consciousness into the personnel system and operations.

Of course, in implementing new or revised personnel practices and programs, Federal managers must comply fully with the requirements of Executive Order 11491, as amended, concerning consultation or negotiation with recognized labor organizations. Specifically, as determined by proper authorities under the order, (Federal Labor Relations Council and Assistant Secretary of Labor for Labor-Management Relations) Federal managers have an obligation to meet and confer (negotiate) with labor organizations accorded exclusive recognition on matters within the scope of bargaining, within the meaning of section 11(a) of the order. Also, they have an obligation to consult within the meaning of section 9(b) of the order with labor organizations accorded national consultation rights on the procedures for effecting new or revised policies and the impact of such policies on those employees who are affected. <sup>1/</sup>

Reporting by departments and agencies.

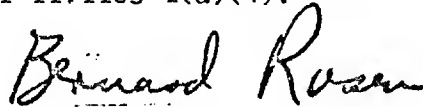
Concern for personnel management cost reduction has been and will continue to be a major concern. We expect, therefore, that there will be a continuing need to keep the President informed of the results that good management practices can have in insuring cost effectiveness. Our first report to the President is to be submitted in June 1975. It is essential, therefore, that agency reports reach the Civil Service Commission no later than May 15, 1975.

As the OMB Allowance Letter instructions indicate, the focus of your reports should be to highlight personnel management initiatives during FY 1975 taken to insure cost effective Government, the results achieved and the plans for action for FY 1976.

<sup>1/</sup> Pages 41 thru 44 of the 1975 Report and Recommendations of the Federal Labor Relations Council on the Amendments of Executive Order 11491, as Amended. To be issued as Installment 9 of FPM Supplement 711-1, April 1, 1975.

For your guidance in structuring the information in your report we are providing you the outline we have developed to summarize agency reports. To the extent possible it would be helpful if you would organize the information you report in accordance with the attached outline.

Since allowance letters are an integral part of the budgetary process this reporting requirement is exempt from interagency reports clearance under the provisions of FPMR subpart 101-11.1103-1(a)(4).



Bernard Rosen  
Executive Director

Attachment